

## Message Text

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17

ACTION EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 NEA-14 ISO-00 AEC-11

AID-20 CEA-02 CIAE-00 CIEP-03 COME-00 DODE-00 FPC-01

H-03 INR-11 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07

RSC-01 SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00

FRB-03 FEA-02 PA-04 USIA-15 PRS-01 DRC-01 /230 W

----- 007396

R 241541Z SEP 74

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 6155

INFO AMEMBASSY ABU DHABI

USINT ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY BRUSSELS

AMEMBASSY CARACAS

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

USMISSION OECD PARIS

AMEMBASSY QUITO

AMEMBASSY ROME

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

LIMITED OFFICIAL USE LAGOS 8980

E.O. 11652: N/A

TAGS: ENRG, NI

SUBJ: NIGERIAN GOVERNMENT INDICATES TAX INCREASE

TO OIL COMPANIES

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DEPT PASS USINT BAGHDAD

REF: LAGOS 8888

1. MINISTRY OF MINES AND POWER SUMMONED PRODUCING OIL COMPANIES TO MEETING SEPTEMBER 23 AND TOLD THEM TO EXPECT ROYALTY RATE OF 16.67 AND PROFITS TAX RATE OF BETWEEN 60 AND 61 PERCENT EFFECTIVE OCTOBER 1. ACCORDING OIL COMPANY HEAD WHO PARTICIPATED IN MEETING, NEITHER GOVERNMENT NOR COMPANIES MENTIONED BUY-BACK PRICE FOR PARTICIPATION OIL.

2. ACCORDING SAME SOURCE, MMP LAST WEEK NOTIFIED HIS COMPANY TO EXPECT DIRECT BUYERS TO LIFT GOVERNMENT OIL (13.75 PERCENT OF TOTAL PRODUCTION) IN NOVEMBER AND DECEMBER. COMPANY HAD BEEN TOLD THREE DAYS EARLIER TO CONTINUE TO LIFT ALL OIL DURING OCTOBER.

3. COMMENT: TAX RATE OF BETWEEN 60 AND 61 PERCENT MEANS FMG HAS OPTED TO APPLY OPEC'S 3.5 PERCENT INCREASE OF WEIGHED AVERAGE GOVERNMENT TAKE IN SIMPLEST POSSIBLE WAY (OPTION A, PAR 5, REFTEL). ASSUMING AVERAGE PRODUCTION COSTS OF \$.50 PER BARREL AND BUY-BACK PRICE UNCHANGED AT \$12.50, EMBASSY CALCULATES NEW TA RATE WOULD BE 60.7 PERCENT. IF SO, GOVERNMENT'S SHARE OF NET PROFITS WILL HAVE BEEN INCREASED FROM 61.525 PERCENT TO 67.251 PERCENT, VS. 71.460 PER CENT IN PERSIAN GULF (SEE BEIRUT 11517).  
REINHARDT

NOTE BY OC/T: NOT PASSED BAGHDAD.

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM, PRICES, TAXES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 24 SEP 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974LAGOS08980  
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**Document Unique ID:** 00  
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**Office:** ACTION EB  
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**Original Previous Handling Restrictions:** n/a  
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**Previous Classification:** LIMITED OFFICIAL USE  
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**Subject:** NIGERIAN GOVERNMENT INDICATES TAX INCREASE TO OIL COMPANIES  
**TAGS:** ENRG, NI  
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